

Message Text

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14

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 ACDA-07 IO-13 /098 W
----- 128400

R 250515Z AUG 76 ZDK
FM AMEMBASSY KATHMANDU
TO SECSTATE WASHDC 6047
INFO AMEMBASSY NEW DELHI

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E.O. 11652 N/A

TAGS: ETRD, PFOR, IN, NP

SUBJ: INDO-NEPAL TRADE & TRANSIT TALKS

1. SUBJECT NEGOTIATIONS, WHICH RECOMMENDED AUG.22
IN KATHMANDU, HAVE BEEN PROCEEDING QUIETLY WITH
VIRTUALLY NO PUBLICITY. SEVERAL EMBASSY EFFORTS
TO ELICIT COMMENTS FROM CONCERNED NEPALESE OFFICIALS
ON STATUS OF THE TALKS HAVE BEEN POLITELY REBUFFED.
GON EVIDENTLY IS DETERMINED TO AVOID ANY POSSIBILITY
OPPREJUDICING COURSE OF NEGOTIATIONS THROUGH UNDUE
PUBLICITY.

2. MOST RECENTLY,EMBOFF ON AUG 24 HAD OPPORTUNITY
DURING THE COURSE OF A LUNCHEON IN HONOR OF THE INDIAN
DELEGATION TO CONVERSE WITH A NUMBER OF THE NEPALESE
NEGOTIATING TEAM MEMBERS, INCLUDING TEAM LEADER DEVENDRA
RAJ UPADHYAYA, PLUS SOME OF THE INDIAN NEGOTIATORS.
THEY CONTINUED TO BE NON-COMMITTAL AS TO THE PROGRESS
OF NEGOTIATIONS; HOWEVER, THE FOLLOWING ATMOSPHERICS EMERGED:
SINCE THE NEPALESE SURRENDER ON THE SEPARATE TREATIES ISSUE,
THERE SEEMS TO BE NO SERIOUS DISAGREEMENT ON FUNDAMENTALS,
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AND DISCUSSIONS TO RESOLVE VARIOUS TECHNICAL POINTS AND

DETAILS ARE PROCEEDING RELATIVELY SMOOTHLY. WE GATHER THAT ONE OF THE CHIEF POINTS STILL TO BE SETTLED ON THE TRADE SIDE IS DETERMINATION OF THE PERCENTAGE OF INDIGENEOUS AND/OR INDIAN CONTENT IN NEPALESE MANUFACTURES REQUIRED TO QUALIFY THEM FOR DUTY AND QUOTA-FREE ACCESS TO THE INDIAN MARKET, AND WHETHER THE DEGREE OF CONCESSION FOR PRODUCTS BELOW THAT LEVEL SHOULD BE DETERMINED UNILATERALLY BY INDIA, OR THROUGH JOINT CONSULTATION. IT IS NOT CLEAR WHETHER ANY SUBSTANTIVE POINTS REMAIN TO BE RESOLVED ON THE TRANSIT SIDE, BUT WE GET THE IMPRESSION THAT THERE MAY BE SOME CONTINUED HAGGLING OVER WORDING IN AN INDIAN ATTEMPT TO AVOID THE IMPLICATION THAT TRANSIT IS AN ABSOLUTE RIGHT FOR NEPAL RATHER THAN A NEGOTIATED PRIVILEGE. THERE MAY ALSO BE SOME ONGOING DISCUSSION ON THE EXTENT OF MEASURES REQUIRED TO GUARD AGAINST DEFLECTION OF TRANSIT TRAFFIC.

3. THE ONLY DIRECT INDICATION OF WHETHER ANOTHER SERIOUS DISAGREEMENT COULD AGAIN FLARE UP BEFORE CONCLUSION OF THE NEGOTIATIONS WAS THE REACTION OF UPADHYAYA WHEN ASKED WHETHER THE MINISTERIAL REVIEW OF THE DRAFT TREATY WAS LIKELY TO BE A ROUTINE EXERCISE. HIS REPLY WAS A LACONIC "ONE NEVER KNOWS HOW THESE THINGS MAY GO."
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, NEGOTIATIONS, TRAVEL CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KATHMA03673
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760325-0498
From: KATHMANDU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760822/aaaaaskh.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by buchant0>; APPROVED <15 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDO-NEPAL TRADE & TRANSIT TALKS
TAGS: ETRD, PFOR, IN, NP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006